

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 8 — 0 0 5A

2. STATE:

CALIFORNIA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 1998

TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

FEDERAL STATUTE/REGULATION CITATION:

Social Security Act, Section 1931

7. FEDERAL BUDGET IMPACT:

a. FFY 97/98 \$ 4,942,800 PJO
b. FFY 98/99 \$ 9,885,700

PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement 12 of Attachment 2.6 A, page 1-2
Supplement 12a of Attachment 2.6 A, page 1, 2, 3
Supplement 12b of Attachment 2.6-A, page 1, 2
and 3
Appendix to Supplement 12b of Attachment 2.6A, pp. 1-25
5/28/98

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

SUBJECT OF AMENDMENT:

Income Standards and Income and Resource Methodologies Under Section 1931

GOVERNOR'S REVIEW (Check One):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Governor's Office does not wish to review State Plan Amendments

SIGNATURE OF STATE AGENCY OFFICIAL:

TYPED NAME: J. Douglas Porter

TITLE: Deputy Director

DATE SUBMITTED: 3/30/98

16. RETURN TO:

Department of Health Services
Attn: State Plan Coordinator
714 P Street, Room 1640
Sacramento, CA 95814

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: March 31, 1998

18. DATE APPROVED: 5/27/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
January 1, 1998

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Linda Minamoto

22. TITLE: Associate Regional Administrator
Division of Medicaid

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: California

ELIGIBILITY UNDER SECTION 1931 OF THE ACT

METHODOLOGIES FOR TREATMENT OF RESOURCES
THAT DIFFER FROM THOSE OF THE AFDC PROGRAM

AS IT EXISTED ON ~~JUNE 16, 1996~~ July 16, 1996 PSD
(More Liberal Than AFDC)

Otherwise countable resources equal the difference between the amount permitted under the former AFDC program and \$3,000 shall be exempt in determining eligibility for one individual. For larger sized families, this exemption shall equal the difference between the amount permitted under the former AFDC program and the amount listed by family size in the Appendix to Supplement 12b to Attachment 2.6-A, page 10.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: California

ELIGIBILITY UNDER SECTION 1931 OF THE ACT

METHODOLOGIES FOR TREATMENT OF RESOURCES
THAT ARE NO MORE RESTRICTIVE THAN THOSE OF THE AFDC PROGRAM
AS IT EXISTED ON ~~JUNE 16, 1996~~ July 16, 1996 PSD
(Same As or More Liberal Than AFDC)

The value of nonexempt personal property (other than real property), when determining eligibility for individuals or families who are applying for or are eligible under Section 1931 shall be fair market value minus encumbrances.

TN No. 98-005A
Supersedes
TN No. _____

Approval Date: AUG 27 2001 Effective Date: January 1, 1998

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: California

ELIGIBILITY UNDER SECTION 1931 OF THE ACT

METHODOLOGIES FOR TREATMENT OF RESOURCES
 THAT ARE NO MORE RESTRICTIVE THAN THOSE OF THE AFDC PROGRAM
 AS IT EXISTED ON ~~JUNE 16, 1996~~ July 16, 1996 PSD
 (The Same As Or More Liberal Than AFDC)

50491. Treatment of Property Under the Section 1931(b) Program. The property of Medi-Cal Family Budget Unit (MFBU) members applying for Medi-Cal under the Section 1931(b) program shall be treated in accordance with Article 9 as amended, (see Appendix 1 of Supplement 12b to Attachment 2.6A) with the following exceptions.

- (a) Whenever determining or redetermining the eligibility of an MFBU under the Section 1931(b) program, counties shall complete the form "Property Reserve Work Sheet - Section 1931(b) Program" and retain a copy in the case record.
- (b) The following sections of Article 9 shall not apply.

50402	50413	50421.5	50449	50463	50483
50408	50416	50423	50453	50465	50485
50409	50417	50425	50453.5	50467	50489
50410	50418	50426	50454.5	50469	50489.1
50411	50420.5	50427	50456	50471	50489.5
50412	50421	50428	50457	50473	50489.9
		50441	50461	50475	

- (c) Notes, mortgages, deeds of trust, installment contracts and agreements (even where real property is held as security until the purchase price has been paid) shall be considered personal property. The portion of the payments which represent interest shall be considered to be income in the month of receipt and the portion of the payments which represent principal shall be considered property.
- (d) The separate and community property share of real or personal property owned by a stepparent who is not an applicant or beneficiary shall be exempt.
- (e) The exclusive personal property of a child who does not receive Medi-Cal under the Section 1931 program shall be exempt when determining eligibility for the MFBU under the Section 1931 program.

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- (f) The total value of all real or personal property in which an MFBU member has an ownership interest, (property which is either owned separately by the MFBU member or jointly with the SSI/SSP recipient), and which is considered in determining the eligibility of the SSI/SSP recipient shall be exempt.
- (g) Real and personal property, including property held in trust, transferred to a trust, and income produced and retained by the trust, is considered to be available if a member of the MFBU has the legal right, power and authority to liquidate the property and to use the proceeds. Available property, unless otherwise exempt, shall be valued in accordance with this section and shall be included in the property reserve. Property which is not available shall not be included in the property reserve.
- (1) Property, other than real property, owned jointly with someone outside of the MFBU shall be considered available in its entirety to the owner in the MFBU, unless it can be demonstrated that such property is inaccessible to the owner in the MFBU or that the source and amount of funds invested in the property or the facts around the inheritance, if it was acquired in this way, must be determined in order to arrive at the share which the applicant/beneficiary and/or his/her spouse actually owns. If the owner in the MFBU can demonstrate that he/she actually owns or has access to only a portion of the property, only the value of that portion of the property shall be included in the property reserve. The property shall be considered totally inaccessible to the owner in the MFBU if the property cannot practically be subdivided and the owner's access to the value of the property is dependent on the agreement of a joint owner who refuses to comply. Property cannot be practically subdivided if the financial value of the proportionate share would be significantly reduced by sale of only the subdivision.
- (2) Personal property of a woman who is temporarily residing in a shelter for battered women and children shall be considered unavailable if:
- (A) the property is jointly owned by the resident and member(s) of the former household from which the resident fled, and
- (B) the resident's access to such property requires the consent of both the resident and the member(s) of the former household.
- (3) Real property, not otherwise exempt, that the owner is making a good faith effort to sell shall be considered unavailable and shall not be included in the property reserve for one period per parcel of no more than nine months. If the owner elects not to sell the property at any time prior to the expiration of the nine months, the property shall no longer be considered unavailable and the net market value shall be included in the property reserve.

- (A) For purposes of subsection (3) above, a good faith effort is made when, at a minimum, either:
- (I) The owner lists the property for sale with a licensed real estate broker at the property's approximate fair market value and is willing to negotiate the terms of the sale with potential buyers, or
 - (II) The owner makes an individual effort to sell the property by doing all of the following:
 - (i) Advertising once a week in at least one publication of general circulation that the property is for sale.
 - (ii) Placing a sign on the property indicating that the property is for sale. Whenever possible, the sign shall be visible from the street.
 - (iii) Offering the property for sale at its approximate fair market value.
 - (iv) Is willing to negotiate the terms of the sale with potential buyers and respond to all reasonable inquiries about the property.
- (B) For purposes of subsection (3) the fair market value of the property shall be the applicant's/beneficiary's choice of:
- (I) The assessed value of the property or
 - (II) A valuation of the market value of the property obtained by the owner from a licensed real estate broker.
 - (III) In exceptional circumstances, such as when the property is located in a remote area and it is impossible or impractical to obtain a valuation, and the owner believes that the assessed value is too high or too low, the county and the owner may agree on the market value based upon other available information.
- (C) The county shall inform the applicant/beneficiary at the time the property becomes unavailable that it is time-limited; and, at the end of nine months the net market value of the property shall be included in the property reserve.

- (4) Personal property other than financial instruments or vehicles, which if sold or

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otherwise disposed of would be unlikely to produce, after the costs of sale, "any significant amount of funds" or "significant return" for the support of the MFBU, shall be considered unavailable.

- (A) "Any significant amount of funds" shall be funds amounting to one-half or more of the applicable property limit for the MFBU.
 - (B) "Significant return" shall be any return, after estimated costs of sale or disposition, and taking into account the ownership interest of the household, that is estimated to be one-half or more of the applicable property limit for the MFBU.
- (h) The property reserve shall be equal to or less than \$3,000 if the MFBU includes one or two individuals, or, for other MFBU sizes, shall be equal to or less than the amounts listed in Section 50420 at sometime during the month for which Medi-Cal is requested. (See Supplement 12b, Page 1 for information concerning the methodology employed to establish this limit.)
- (i) A home, regardless of its value, occupied by the MFBU shall be exempt.
- (1) Any house, mobile home, camper, trailer, houseboat or any other dwelling whether assessed as real or personal property by the county assessor is exempt if such an item of property is occupied by the MFBU as a home (place of residence). Property shall continue to be considered the home during temporary absence for reasons such as illness, seasonal employment, visits, extreme climatic conditions, etc., provided the recipient plans to, and it appears will be able to, return to the home when such circumstances no longer exists.
 - (2) The exempt home may be the unit of a multiple-dwelling unit that is occupied by the MFBU as a home. A home and a separate unit adjacent to the home shall be treated as a multiple dwelling unit.
 - (A) The unit(s) of the multiple dwelling that is (are) not occupied by the MFBU shall be treated as property and the value must be included in the property reserve.
 - (I) If the owner is making a good faith effort to sell the unit(s) that is (are) not occupied as a home as described in subsection (g)(3) above, then the unit(s) shall be considered unavailable for a period of time under the conditions specified in subsection (g)(3) above.
 - (II) If the unit(s) that is (are) not occupied as a home cannot be sold separately, the unit(s) shall be considered unavailable.

- (3) The home which was the usual home of an owner who has entered into marital separation shall be treated as follows:
- (A) The usual home shall be exempt in determining an applicant's eligibility for Medi-Cal during the month of application and for three consecutive months following the month of application.
 - (B) The usual home shall be exempt in determining a beneficiary's eligibility for Medi-Cal during the month of separation and for three consecutive months following the month in which the separation occurs.
 - (C) The applicant/beneficiary shall be informed when the exemption is granted that it is time-limited and that at the expiration of the three month period, the status of the home will be reconsidered and the net market value may be included in the property reserve.
 - (D) The status of the home shall be reconsidered at the end of the three month period to determine if it is exempt in accordance with subsection (e) or unavailable in accordance with subsection (g) above. If the home is no longer exempt or unavailable, the net market value shall be included in the property reserve.
- (j) The net market value of real property, other than the exempt home or real property which is considered to be unavailable, shall be included in the property reserve. The net market value shall be determined by subtracting any encumbrances against the real property from its market value.
- (1) The market value of real property shall be the lesser of the value established at the most recent appraisal of market value from a qualified real estate appraiser, the county assessor, recorder or tax collector.
 - (2) Encumbrances on real property include: mortgages, notes, deeds of trust, delinquent tax liens, court orders relating to judgements and mechanics liens, and assessments. Encumbrances may be written or oral.
 - (A) Evidence of written encumbrances shall be the documents which support the encumbrance.
 - (B) Evidence of unwritten encumbrances shall be the sworn statements of all parties, under penalty of perjury, to the following: initial and maturity date, extent of encumbrances, and value received.
- (k) The net market value of nonexempt personal property [other than motor vehicles treated in accordance with subsection (l) below] shall be determined in accordance with this

subsection and included in the property reserve. The net market value is determined by subtracting any encumbrances against the property, penalties for early withdrawal or costs of sale (which are deducted before the proceeds are distributed to the seller of the property) from the market value.

- (1) The market value of financial instruments or funds shall be the lowest face value, lowest balance (after subtracting any income which may have been deposited) or fair market value of the property during the month [as modified by subsection (k) (2) - (k)(4) below]. Fair market value of other personal property shall be established by any method; however, if the applicant/beneficiary disagrees with the fair market value established by the county, the applicant/beneficiary may provide another method. The county shall use the method which results in the lowest fair market value.
 - (2) The market value of IRAs, and available KEOGHs shall be the total fund value. Available KEOGHs are those which are established solely between MFBU members.
 - (3) The market value of bonds shall be the total bond value. If interest is being accrued, recorded and is available to the owner without having to liquidate the bond, then the interest accrued and recorded in the month shall be subtracted from the total bond value.
 - (4) The market value of stocks or mutual funds shall be the lowest price per share during the month or total fund value. If interest or dividends are accrued, recorded and are available to the owner without having to liquidate the stock or mutual fund, then the interest or dividends shall be subtracted from the lowest price per share or total fund value.
- (l) Motor vehicles, including automobiles, vans, trucks, boats, mobile homes, motor homes, trailers, snowmobiles, jet skis, motorcycles, and tractors, shall be treated in accordance with the following, unless the item is exempt as a home. Whenever determining or redetermining eligibility of an MFBU and treating vehicles under this subsection, counties shall complete the form "Vehicle Determination Work Sheet for 1931 Group" and retain it in the case record.
- (1) The entire value of any licensed vehicle (or an unlicensed vehicle used as a home or owned by a tribal member of an Indian reservation which does not require vehicles of tribal members to be licensed) shall be exempt if the vehicle meets any of the following conditions.
 - (A) The vehicle is for the purpose of producing income over 50 percent of the time the vehicle is in use, such as, but not limited to, a taxi, moving truck or fishing boat.

- (B) The vehicle annually produces income, even if used only on a seasonal basis.
- (C) The vehicle is necessary for long-distance travel, other than daily commuting, that is essential to the employment of an MFBU member; for example, the vehicle of a traveling sales person or a migrant farm worker moving from job to job.
- (D) The exemptions in subsections (A) through (C) above, shall apply when the vehicle is not is use because of temporary unemployment.
- (E) The vehicle was previously used by a self-employed MFBU member for farming but is no longer used over 50 percent of the time in farming because the MFBU member has terminated his/her self-employment. This exemption shall be limited to no more than one year from the date self-employment terminated.
- (F) The vehicle is used as the home and, therefore, exempt under subsection (j) above.
- (G) The vehicle is necessary to transport a disabled or incapacitated individual living in the home (as long as the home is not a boarding house or other licensed residence or facility, unless the disabled or incapacitated individual is the applicant/beneficiary or an ineligible member of the MFBU) regardless of the purpose of such transportation.
 - (I) If the disability or incapacity of the individual is not evident to the eligibility worker, verification shall be required.
 - (II) If verification is required, the individual shall be required to provide a statement from a physician certifying that the individual is disabled or incapacitated. The disability or incapacity may be temporary or permanent.
 - (III) There shall be a limit of one vehicle per disabled or incapacitated individual living in the home.
 - (IV) The vehicle need not have special equipment or be used primarily by or for the transportation of the disabled or incapacitated individual. However, a vehicle shall be considered necessary for the transportation of the disabled or incapacitated individual if the vehicle is specially equipped to meet the specific needs of the disabled or incapacitated person or if the vehicle is a special type

of vehicle that makes it possible to transport the disabled or incapacitated person.

- (H) The vehicle is used to carry fuel for heating or water for home use, when such transported fuel or water is the primary source of fuel or water for the MFBU.
- (2) All nonexempt licensed and unlicensed vehicles shall individually be evaluated for estimated fair market value.
- (A) The estimated fair market value of two or more vehicles shall not be added together to reach a total fair market value in excess of the current vehicle exclusion limit.
 - (B) The estimated fair market value of vehicles customarily licensed by the Department of Motor Vehicles (DMV) may be determined in accordance with the methodology which utilizes the DMV License Fee Rate tables described in Section 50461 or by the value of those vehicles as listed in publications written for the purpose of providing guidance to automobile dealers and loan companies, customarily referred to as "blue books". If a blue book is used the county shall insure that the blue book used to determine the value of vehicles has been updated within the last six months.
- (I) The county shall assign the wholesale value to vehicles. If the term "wholesale value" is not used in a particular blue book, the county shall assign the listed value which is comparable to the wholesale value.
 - (II) The county shall not increase the basic value of a vehicle by the value of low mileage or other factors such as optional equipment or special equipment for the handicapped.
 - (III) If a new vehicle is not yet listed in the blue book, the county shall determine the wholesale value through some other means, such as contacting a car dealer which sells that make of vehicle and asking how much the dealership would offer the household for the car.
 - (IV) To determine the most appropriate value of a vehicle, the county shall obtain from the owner or the vehicle's registration card, the vehicle's year, make, model, and number of doors. If the information for these four items is incomplete, the county shall use the lowest blue book value listed to the extent that the vehicle has been identified.